TOWN OF
QUEEN CREEK
ARIZONA

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JUN 13 2013
DEPT. OF WATER RESOURCES

June 13, 2013

Sandy Fabritz-Whitney, Director
Arizona Department of Water Resources
3550 North Central Avenue, Second Floor
Phoenix Arizona 85012

Dear Ms Fabritz-Whitney:

On June 5, 2013 The Town of Queen Creek's Town Council adopted Resolution 943-13 (Exhibit "A") authorizing Town Staff to submit this application to the Arizona Department of Water Resources for the purpose of obtaining a reallocation of 5000 acre-feet of Non-Indian Agricultural (NIA) Central Arizona Project Water. At this time the current obligation to the Central Arizona Groundwater Replenishment District (CAGRD) is over 3250acre feet for 2012 for the Town of Queen Creeks Member lands (Exhibit "B"). At build out our Member Lands could exceed 26,400 acre feet and by 2020 it will be at 15,500 acre feet of annual obligation to CAGRD. Please see the attached subdivision and neighborhood map (Exhibits "C and "D" respectively) that have been approved and enrolled into CAGRD in our Water Service Area along with a presentation by the Town's planning department on population and building permits by 2020 (Item "E")*.

The Town of Queen Creek has a CAP contract of 348 acre feet and an excess contract of 52 acre feet that it uses each year for Urban Irrigation. In the 1990's the Queen Creek Water Company took the lead with the City of Mesa and H20 Inc and worked an arrangement out with CAP and the Queen Creek Irrigation District (QCID) that at the time held over 10,000 acre feet of CAP M&I water in the Queen Creek Water Company's CC&N . The agreement reflected an orderly transfer of the CAP M&I water held by QCID . As land inside the district's boundaries transitioned from Agriculture to Urban use, one acre foot per acre of CAP water would automatically transfer to the water provider affected by the change of land use from agriculture to urban. This agreement made it easier for CAP water to be made available to the water providers as the land transitioned. That is how both Queen Creek Water Company (QCWC) and H20 Inc. received its initial allocation. The City of Mesa received 640 acre feet when TWR acquired a section of property in the QCID's boundaries. A few years after the agreement was signed, QCID approached CAWCD and gave back its M&I allotment in exchange for debt relief on the QCID delivery system. Neither QCWC nor H20 Inc where given the opportunity to acquire a portion of this water nor were they given any CAP Water during the initial allocation process

back in the early 1980's. This has put both entities in a distinct disadvantage on the renewable water supply allocation process. With this history in mind it has made the Town of Queen Creek almost 100% reliable on groundwater supplies with very little renewable water in its portfolio.

The Town of Queen Creek has on file a Hydrology Study which nearly all the land owners in the Town used to either enroll into CAGRD or where the remaining landowners filed a PAD to tie up the remaining groundwater in the Hydrology study (26,400 acre feet) (Exhibit "F")* that identified that amount to be withdrawn each year for the next 100 years. Even with a large volume of water being recharged each year at the CAGRD, Queen Creek Superstition Mt Recharge facility, by 2108 ADWR (Exhibit "G") still shows groundwater levels declining to 100-150 additional feet from today's levels. A reasonable reallocation of 5,000 acre feet of CAP NIA water to the Town would help offset the decline of groundwater in the area and would reduce the total reliance on groundwater to the Town. At build out the Town will have a sizable amount of Effluent (8,500-12,000 acre feet) depending on the General Plan (Exhibit "H") and if the Town decides to expand to ultimate build out.

The Town is in the process of working with several large Irrigation Districts and will have a contract with one of them by the end of this calendar year to take The Town's full allotment of effluent and the Town will be filing with ADWR to recover the effluent with its existing wells and infrastructure. At built out this will still leave the Town reliant on groundwater in the amount of 13,000-16,500 acre feet per year even if it uses it full amount of recovered effluent and NIA CAP water. The Town of Queen Creek will have to pursue a long term lease of other surface water supplies to get to a more equitable balance of its water portfolio. Ultimately the Town would like to have 7,500 acre feet of CAP Water to use on an annual basis with 8,500-12,000 acre feet of recovered effluent and then rely only on 10,000 acre feet per year of groundwater (Exhibit "I"). If the Town was able to able to reduce its reliance on groundwater by 60%. it would extend the 100 year Hydrology Study to 250 years into the future to get to the same decline in the water table.

The Towns immediate plans for this water would be to use what it could directly by having the water delivered thru the existing QCID facilities* (Exhibit "J") (the Town has a wheeling agreement with QCID to deliver water thru their existing infrastructure to almost anywhere inside its service area).. The balance of the water would be used in existing recharge facilities (Exhibit "K") and that water would then be recovered thru our existing well facilities as we file for recovery well status in 2014. The Town is in the process of working with both the City of Mesa and other entities (Apache Junction and Arizona Water Company) on participating in a CAP water treatment plant that would treat our allocation and deliver it to our service area. This plant would be up in running prior to 2020.

The Town is in the process of updating its impact fees for new growth. new legislation allows impact fees for new uses the impact fee for water and a reuse fee to go into effect September 2014. Both the impact fee and the reuse water fee will be for all new homes and commercial and industrial users in the Queen Creek area (both inside the Town and outside the Town boundaries). The Town's Utilities

Service area is larger than the Town's Boundaries (Exhibit "L "). Currently the population for that area is 32,000. By 2020 the expected population served will be doubled to 64,000. The projected fees are $3000 for a ¾ "meter and $5000 for a 1" meter,. The reuse water fee is proposed at $1000-$2000 per connection. By 2020 these new impact fees would generate 30-50 million dollars based on current growth projections. These monies along with our current rates would be used to pay not only for the NIA CAP water but also used for infrastructure improvements for future pipelines and treatment facilities.

During presentations in April and May to the Town Council, the cost of the NIA CAP water at $1280 per acre foot was not only discussed but compared to CAGRD yearly replenishment cost by 2015 at $628 acre feet per year. The Town Council* (Exhibit "M") got a clear picture of the potential savings to its residents and HOA's by getting off groundwater and reducing its residents CAGRD obligations. The full cost of the NIA CAP water and how to finance this water was also discussed at the same Town Council meetings. If the Town was awarded the full 5,000 acre feet, the cost to acquire this water would be $6.4 million dollars. Town staff has been in discussions with the Water Infrastructure Finance Authority of Arizona (WIFA) to finance the cost of this water. In today's financial markets and using WIFA as the entity to borrow money for each 1 million dollars borrowed it would cost approximately $90k per year or a little over $450K per year in annual debt financing as discussed in our Town Staff Report dated June 5, 2013 * (Exhibit "N") for the entire 5,000 acre feet. In closing the Town of Queen Creek is not only prepared to pay for the NIA CAP water but also use this water immediately either directly or thru recharge in recovery. The Town will reduce 100% of its current annual CAGRD obligations in the short term for its residents thus relieving CAGRD from future long term obligations for our entire water portfolio. Any amount of NIA CAP water would be welcomed, however the larger amount of water awarded makes it easier for the Town to participate with surrounding communities in building a surface water treatment plant and working on a long term Indian CAP water lease to not only supplement the NIA CAP during shortages but to enhance our total water portfolio. We have letters of support from surrounding communities (See Exhibits "O" and "P" that realize the benefit not only for us but also for them if the Town reduces its reliance on groundwater.

Sincerely,

Paul T. Gardner

Paul T. Gardner
Town of Queen Creek
Director of Utilities

Exhibit A

RESOLUTION 943-13

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA AUTHORIZING THE TOWN STAFF TO SUBMIT AN APPLICATION TO THE ARIZONA DEPARTMENT OF WATER RESOURCES FOR 5000 ACRE-FEET OF NON-INDIAN AGRICULTURAL (NIA) CENTRAL ARIZONA PROJECT WATER.

WHEREAS, The Arizona Water Settlements Act and the Arizona Water Settlement Agreement provided for the reallocation of 96,295 acre-feet of relinquished Non-Indian Agricultural (NIA) Priority Central Arizona Project (CAP) water and this water has been reallocated to the Arizona Department of Water Resources (ADWR) and is held in trust by the Secretary of the Interior; and

WHEREAS, a pool of 34,629 acre-feet has been identified for water providers within the CAP and the Central Arizona Groundwater Replenishment District (CAGRD), for the 2013 phase of the reallocation; and

WHEREAS, the Town of Queen Creek is qualified to receive such water; and

WHEREAS, the Director of ADWR is to submit a recommendation to the Secretary for the allocation of this water to specified municipal and industrial users; and

WHEREAS, ADWR has established a process whereby cities and towns in the Phoenix Active Management Area (AMA) may submit applications for an allocation of this water; and

WHEREAS, the Mayor and Town Council of Queen Creek (the Town) recognize the importance of an adequate water supply to the future of the Town and that an allocation of NIA CAP water can contribute to establishing and maintaining such a water supply; and

WHEREAS, if NIA Water is awarded to the Town, the Town Council will be asked to sign a contract relating to such award.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA AS FOLLOWS:

Section 1. The Town staff is hereby authorized to prepare and submit to ADWR an application for no more than 5000 acre-feet of NIA CAP water from the above referenced pool of 34,629 acre-feet.

Section 2. The Mayor and Town staff are further authorized to take all acts and

prepare and sign all documents necessary to such application.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA this 5th day of June 2013.

FOR THE TOWN OF QUEEN CREEK:

Gail Barney, Mayor

ATTEST:

Jennifer F. Robinson, Town Clerk

APPROVED AS TO FORM:

Dickinson Wright/Mariscal Weeks
Town Attorneys

REVIEWED BY:

John Kross, Town Manager

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PHOENIX 53749-1 62342v1

Total Water Used 2012

- Groundwater Pumped 8,500 acre ft
- CAP water delivered 400 acre ft
- CAGRD Obligation 3,250 acre ft
- Reclaimed Water not used 1,400 acre ft

Exhibit B

Exhibit C

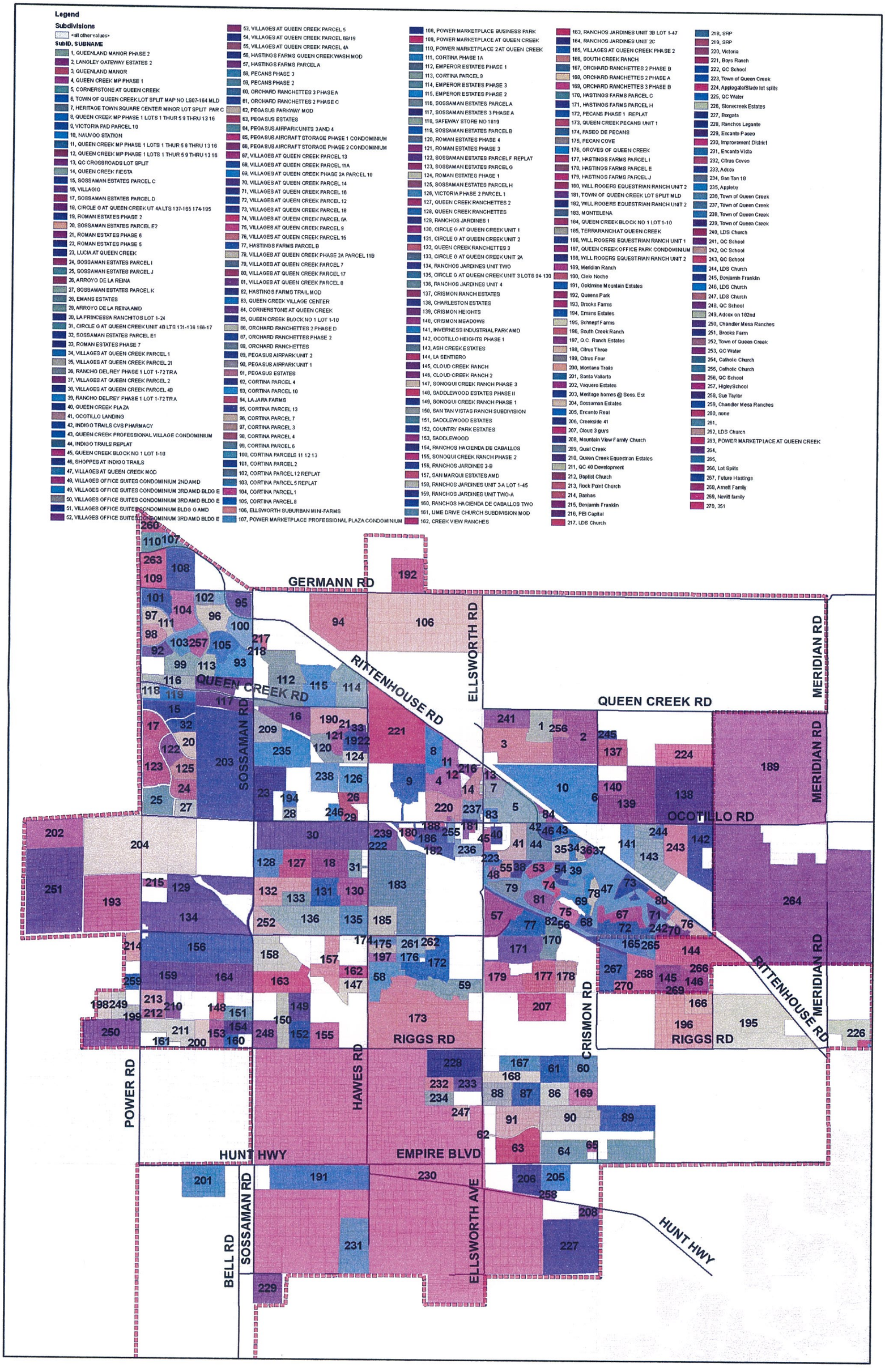

Legend
Subdivisions
<all other values>
SubID, SUBNAME
1, QUEENLAND MANOR PHASE 2
2, LANGLEY GATEWAY ESTATES 2
3, QUEENLAND MANOR
4, QUEEN CREEK MP PHASE 1
5, CORNERSTONE AT QUEEN CREEK
6, TOWN OF QUEEN CREEK LOT SPLIT MAP NO LS07-164 MLD
7, HERITAGE TOWN SQUARE CENTER MINOR LOT SPLIT PAR C
8, QUEEN CREEK MP PHASE 1 LOTS 1 THUR 5 9 THRU 13 16
9, VICTORIA PAD PARCEL 10
10, MAUVOO STATION
11, QUEEN CREEK MP PHASE 1 LOTS 1 THUR 5 9 THRU 13 16
12, QUEEN CREEK MP PHASE 1 LOTS 1 THUR 5 9 THRU 13 16
13, QC CROSSROADS LOT SPLIT
14, QUEEN CREEK FIESTA
15, SOSSAMAN ESTATES PARCEL C
16, VILLAGIO
17, SOSSAMAN ESTATES PARCEL D
18, CIRCLE G AT QUEEN CREEK UT 4A LTS 137-165 174-195
19, ROMAN ESTATES PHASE 2
20, SOSSAMAN ESTATES PARCEL E2
21, ROMAN ESTATES PHASE 6
22, ROMAN ESTATES PHASE 5
23, LUCIA AT QUEEN CREEK
24, SOSSAMAN ESTATES PARCEL I
25, SOSSAMAN ESTATES PARCEL J
26, ARROYO DE LA REINA
27, SOSSAMAN ESTATES PARCEL K
28, EMANS ESTATES
29, ARROYO DE LA REINA AMD
30, LA PRINCESSA RANCHITOS LOT 1-24
31, CIRCLE G AT QUEEN CREEK UNIT 4B LTS 131-136 166-17
32, SOSSAMAN ESTATES PARCEL E1
33, ROMAN ESTATES PHASE 7
34, VILLAGES AT QUEEN CREEK PARCEL 1
35, VILLAGES AT QUEEN CREEK PARCEL 21
36, RANCHO DELREY PHASE 1 LOT 1-72 TRA
37, VILLAGES AT QUEEN CREEK PARCEL 2
38, VILLAGES AT QUEEN CREEK PARCEL 4B
39, RANCHO DELREY PHASE 1 LOT 1-72 TRA
40, QUEEN CREEK PLAZA
41, OCOTILLO LANDING
42, INDIGO TRAILS CVS PHARMACY
43, QUEEN CREEK PROFESSIONAL VILLAGE CONDOMINIUM
44, INDIGO TRAILS REPLAT
45, QUEEN CREEK BLOCK NO 1 LOT 1-10
46, SHOPPES AT INDIGO TRAILS
47, VILLAGES AT QUEEN CREEK MOD
48, VILLAGES OFFICE SUITES CONDOMINIUM 2ND AMD
49, VILLAGES OFFICE SUITES CONDOMINIUM 3RD AMD BLDG E
50, VILLAGES OFFICE SUITES CONDOMINIUM 3RD AMD BLDG E
51, VILLAGES OFFICE SUITES CONDOMINIUM BLDG G AMD
52, VILLAGES OFFICE SUITES CONDOMINIUM 3RD AMD BLDG E
53, VILLAGES AT QUEEN CREEK PARCEL 5
54, VILLAGES AT QUEEN CREEK PARCEL 6B/19
55, VILLAGES AT QUEEN CREEK PARCEL 4A
56, HASTINGS FARMS QUEEN CREEK WASH MOD
57, HASTINGS FARMS PARCEL A
58, PECANS PHASE 3
59, PECANS PHASE 2
60, ORCHARD RANCHETTES 3 PHASE A
61, ORCHARD RANCHETTES 2 PHASE C
62, PEGASUS PARKWAY MOD
63, PEGASUS ESTATES
64, PEGASUS AIRPARK UNITS 3 AND 4
65, PEGASUS AIRCRAFT STORAGE PHASE 1 CONDOMINIUM
66, PEGASUS AIRCRAFT STORAGE PHASE 2 CONDOMINIUM
67, VILLAGES AT QUEEN CREEK PARCEL 13
68, VILLAGES AT QUEEN CREEK PARCEL 11A
69, VILLAGES AT QUEEN CREEK PHASE 2A PARCEL 10
70, VILLAGES AT QUEEN CREEK PARCEL 14
71, VILLAGES AT QUEEN CREEK PARCEL 16
72, VILLAGES AT QUEEN CREEK PARCEL 12
73, VILLAGES AT QUEEN CREEK PARCEL 18
74, VILLAGES AT QUEEN CREEK PARCEL 6A
75, VILLAGES AT QUEEN CREEK PARCEL 9
76, VILLAGES AT QUEEN CREEK PARCEL 15
77, HASTINGS FARMS PARCEL B
78, VILLAGES AT QUEEN CREEK PHASE 2A PARCEL 11B
79, VILLAGES AT QUEEN CREEK PARCEL 7
80, VILLAGES AT QUEEN CREEK PARCEL 17
81, VILLAGES AT QUEEN CREEK PARCEL 8
82, HASTINGS FARMS TRAIL MOD
83, QUEEN CREEK VILLAGE CENTER
84, CORNERSTONE AT QUEEN CREEK
85, QUEEN CREEK BLOCK NO 1 LOT 1-10
86, ORCHARD RANCHETTES 2 PHASE D
87, ORCHARD RANCHETTES PHASE 2
88, ORCHARD RANCHETTES
89, PEGASUS AIRPARK UNIT 2
90, PEGASUS AIRPARK UNIT 1
91, PEGASUS ESTATES
92, CORTINA PARCEL 4
93, CORTINA PARCEL 10
94, LA JARA FARMS
95, CORTINA PARCEL 13
96, CORTINA PARCEL 7
97, CORTINA PARCEL 3
98, CORTINA PARCEL 4
99, CORTINA PARCEL 6
100, CORTINA PARCELS 11 12 13
101, CORTINA PARCEL 2
102, CORTINA PARCEL 12 REPLAT
103, CORTINA PARCEL 5 REPLAT
104, CORTINA PARCEL 1
105, CORTINA PARCEL 8
106, ELLSWORTH SUBURBAN MINI-FARMS
107, POWER MARKETPLACE PROFESSIONAL PLAZA CONDOMINIUM
108, POWER MARKETPLACE BUSINESS PARK
109, POWER MARKETPLACE AT QUEEN CREEK
110, POWER MARKETPLACE 2 AT QUEEN CREEK
111, CORTINA PHASE 1A
112, EMPEROR ESTATES PHASE 1
113, CORTINA PARCEL 9
114, EMPEROR ESTATES PHASE 3
115, EMPEROR ESTATES PHASE 2
116, SOSSAMAN ESTATES PARCEL A
117, SOSSAMAN ESTATES 3 PHASE A
118, SAFEWAY STORE NO 1819
119, SOSSAMAN ESTATES PARCEL B
120, ROMAN ESTATES PHASE 4
121, ROMAN ESTATES PHASE 3
122, SOSSAMAN ESTATES PARCEL F REPLAT
123, SOSSAMAN ESTATES PARCEL G
124, ROMAN ESTATES PHASE 1
125, SOSSAMAN ESTATES PARCEL H
126, VICTORIA PHASE 2 PARCEL 1
127, QUEEN CREEK RANCHETTES 2
128, QUEEN CREEK RANCHETTES
129, RANCHOS JARDINES 1
130, CIRCLE G AT QUEEN CREEK UNIT 1
131, CIRCLE G AT QUEEN CREEK UNIT 2
132, QUEEN CREEK RANCHETTES 3
133, CIRCLE G AT QUEEN CREEK UNIT 2A
134, RANCHOS JARDINES UNIT TWO
135, CIRCLE G AT QUEEN CREEK UNIT 3 LOTS 94-130
136, RANCHOS JARDINES UNIT 4
137, CRISMON RANCH ESTATES
138, CHARLESTON ESTATES
139, CRISMON HEIGHTS
140, CRISMON MEADOWS
141, INVERNESS INDUSTRIAL PARK AMD
142, OCOTILLO HEIGHTS PHASE 1
143, ASH CREEK ESTATES
144, LA SENTIERO
145, CLOUD CREEK RANCH
146, CLOUD CREEK RANCH 2
147, SONOQUI CREEK RANCH PHASE 3
148, SADDLEWOOD ESTATES PHASE II
149, SONOQUI CREEK RANCH PHASE 1
150, SAN TAN VISTAS RANCH SUBDIVISION
151, SADDLEWOOD ESTATES
152, COUNTRY PARK ESTATES
153, SADDLEWOOD
154, RANCHOS HACIENDA DE CABALLOS
155, SONOQUI CREEK RANCH PHASE 2
156, RANCHOS JARDINES 2-B
157, SAN MARQUI ESTATES AMD
158, RANCHOS JARDINES UNIT 3-A LOT 1-45
159, RANCHOS JARDINES UNIT TWO-A
160, RANCHOS HACIENDA DE CABALLOS TWO
161, LIME DRIVE CHURCH SUBDIVISION MOD
162, CREEK VIEW RANCHES
163, RANCHOS JARDINES UNIT 3B LOT 1-47
164, RANCHOS JARDINES UNIT 3C
165, VILLAGES AT QUEEN CREEK PHASE 2
166, SOUTH CREEK RANCH
167, ORCHARD RANCHETTES 2 PHASE B
168, ORCHARD RANCHETTES 2 PHASE A
169, ORCHARD RANCHETTES 3 PHASE B
170, HASTINGS FARMS PARCEL C
171, HASTINGS FARMS PARCEL H
172, PECANS PHASE 1 REPLAT
173, QUEEN CREEK PECANS UNIT 1
174, PASEO DE PECANS
175, PECAN COVE
176, GROVES OF QUEEN CREEK
177, HASTINGS FARMS PARCEL I
178, HASTINGS FARMS PARCEL E
179, HASTINGS FARMS PARCEL J
180, WILL ROGERS EQUESTRIAN RANCH UNIT 2
181, TOWN OF QUEEN CREEK LOT SPLIT MLD
182, WILL ROGERS EQUESTRIAN RANCH UNIT 2
183, MONTELENA
184, QUEEN CREEK BLOCK NO 1 LOT 1-10
185, TERRARANCHAT QUEEN CREEK
186, WILL ROGERS EQUESTRIAN RANCH UNIT 1
187, QUEEN CREEK OFFICE PARK CONDOMINIUM
188, WILL ROGERS EQUESTRIAN RANCH UNIT 2
189, Meridian Ranch
190, Cielo Noche
191, Goldmine Mountain Estates
192, Queens Park
193, Brooks Farms
194, Emans Estates
195, Schnepf Farms
196, South Creek Ranch
197, O.C. Ranch Estates
198, Citrus Three
199, Citrus Four
200, Montano Trails
201, Santa Vallarta
202, Vaquero Estates
203, Meritage homes @ Goss. Est
204, Sossaman Estates
205, Encanto Real
206, Creekside 41
207, Cloud 3 guys
208, Mountain View Family Church
209, Quail Creek
210, Queen Creek Equestrian Estates
211, QC 40 Development
212, Baptist Church
213, Rock Point Church
214, Bashas
215, Benjamin Franklin
216, PEI Capital
217, LDS Church
218, SRP
219, SRP
220, Victoria
221, Boys Ranch
222, QC School
223, Town of Queen Creek
224, Applegate/Slade lot splits
225, QC Water
226, Stonecreek Estates
227, Borgata
228, Ranchos Legante
229, Encanto Paseo
230, Improvement District
231, Encanto Vista
232, Citrus Coves
233, Adcox
234, San Tan 10
235, Appleby
236, Town of Queen Creek
237, Town of Queen Creek
238, Town of Queen Creek
239, Town of Queen Creek
240, LDS Church
241, QC School
242, QC School
243, QC School
244, LDS Church
245, Benjamin Franklin
246, LDS Church
247, LDS Church
248, QC School
249, Adcox on 192nd
250, Chandler Mesa Ranches
251, Brooks Farm
252, Town of Queen Creek
253, QC Water
254, Catholic Church
255, Catholic Church
256, QC School
257, HigleySchool
258, Sue Taylor
259, Chandler Mesa Ranches
260, none
261,
262, LDS Church
263, POWER MARKETPLACE AT QUEEN CREEK
264,
265,
266, Lot Splits
267, Future Hastings
268, Arnett Family
269, Nevitt family
270, 351
GERMANN RD
QUEEN CREEK RD
RITTENHOUSE RD
ELLSWORTH RD
MERIDIAN RD
SOSSAMAN RD
OCOTILLO RD
CRISMON RD
RIGGS RD
POWER RD
HAWES RD
HUNT HWY
EMPIRE BLVD
BELL RD
ELLSWORTH AVE

Exhibit D

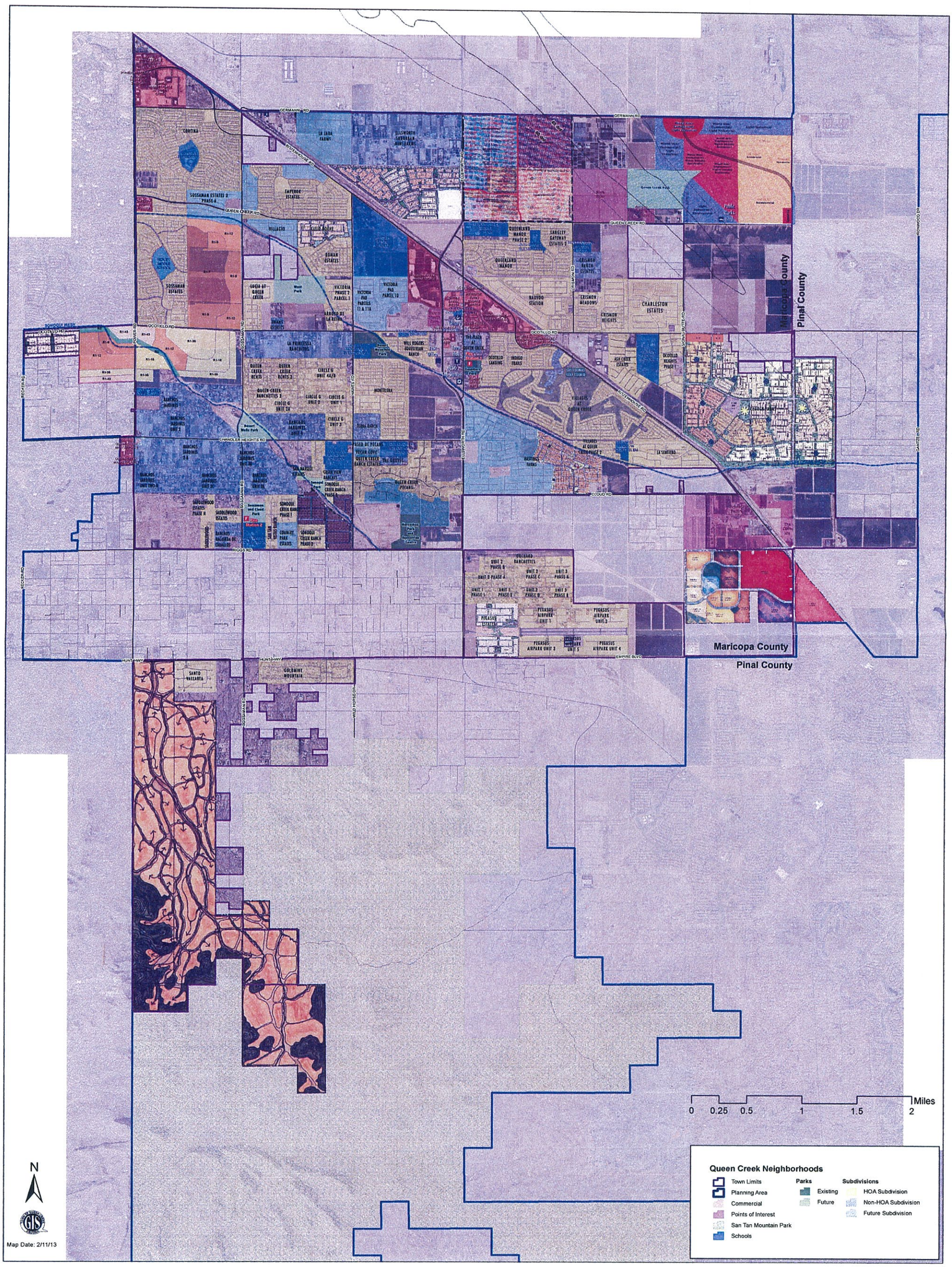
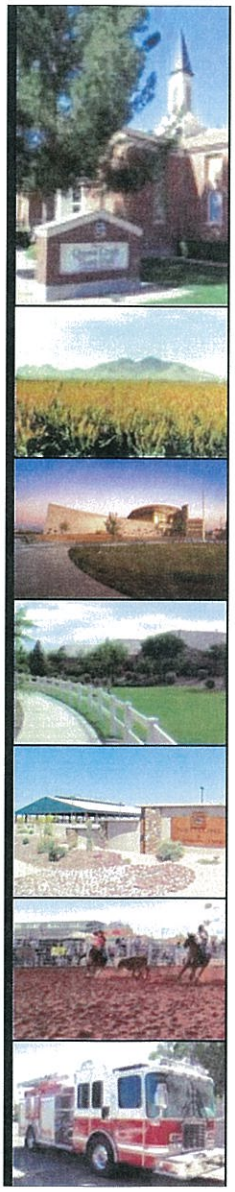

Maricopa County
Pinal County
Maricopa County
Pinal County
0 0.25 0.5 1 1.5 2 Miles
N
Map Date: 2/11/13
Queen Creek Neighborhoods
Town Limits
Planning Area
Commercial
Points of Interest
San Tan Mountain Park
Schools
Parks
Existing
Future
Subdivisions
HOA Subdivision
Non-HOA Subdivision
Future Subdivision

Exhibit E



TOWN OF
QUEEN CREEK
ARIZONA

Home Construction Soon and Sooner

Economic Development Summit
February 28, 2013

Wayne Balmer, AICP
Planning Administrator

Regional Growth

2012 Single Family Building Permits for Selected Jurisdictions

	2011	2012												2011 Total	YTD 2011	YTD 2012	Pct Change from YTD 2011
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
Apache Junction	11	19	8	13	26	24	31	21	5	16	4	6	10	57	57	183	221%
Avondale	1	1	-	-	-	-	-	1	-	-	-	-	1	23	23	3	-87%
Buckeye	33	30	37	53	97	98	62	83	46	48	43	54	40	508	508	691	36%
Casa Grande	2	4	8	2	13	7	8	4	1	-	2	5	4	69	69	58	-16%
Chandler	37	49	60	72	69	52	63	48	44	42	35	29	25	669	669	588	-12%
Coolidge	-	-	-	2	-	-	-	-	-	-	1	1	-	7	7	4	-43%
Florence	5	7	7	8	4	20	22	12	12	14	12	8	12	107	107	138	29%
Gilbert	121	149	262	286	290	295	228	178	211	108	165	159	87	1,545	1,545	2,418	57%
Glendale	9	13	19	39	22	41	22	31	22	16	30	11	15	143	143	281	97%
Goodyear	34	53	65	83	80	125	75	108	87	91	80	92	37	592	592	976	65%
Maricopa	8	7	16	31	40	42	32	23	21	27	15	23	35	120	120	312	160%
Maricopa County	40	29	54	42	52	57	56	79	33	49	58	33	35	365	365	577	58%
Mesa	37	50	40	73	80	113	103	102	83	60	48	56	52	486	486	860	77%
Paradise Valley	-	3	6	4	3	1	3	6	3	3	2	3	2	22	22	39	77%
Peoria	33	48	56	50	53	91	75	94	69	65	72	45	50	430	430	768	79%
Phoenix	63	94	120	133	194	176	150	171	153	88	130	124	118	1,019	1,019	1,651	62%
Pinal County	70	49	66	96	74	88	133	164	79	100	73	54	55	558	558	1,031	85%
Queen Creek	3	13	19	10	56	19	22	96	59	52	54	51	27	116	116	478	312%
Scottsdale	14	19	21	24	18	22	23	19	25	15	28	26	27	148	148	267	80%
Surprise	11	28	32	33	65	79	55	60	55	34	39	32	17	220	220	529	140%
Total	532	665	896	1,054	1,236	1,350	1,163	1,300	1,008	828	891	812	649	7,204	7,204	11,852	65%

*Estimated

519 Homes Under Construction

- Ash Creek Estates - 31
- Circle G At Queen Creek Unit 3 - 1
- Crismon Heights - 25
- Hastings Farms Parcel H - 155
- Hastings Farms Parcel I - 43
- Hastings Farms Parcel J - 100
- Lucia At Queen Creek - 25
- Montelena – 8
- Nauvoo Station – 46
- Orchard Ranchettes 3 Phase A – 1
- Pegasus Airpark Unit 1- 1
- Rancho del Rey Phase 1 – 1
- Roman Estates Phase 4 - 2
- Roman Estates Phase 5 – 1
- Roman Estates Phase 7 - 2
- Saddlewood – 1
- Santo Vallarta - 2
- Sonoqui Creek Ranch Phase 2 -1
- Sossaman Estates Parcel H - 1
- Sossaman Estates Parcel K - 18
- The Pecans Phase 1 - 4
- The Pecans Phase 2 - 5
- The Pecans Phase 3 - 14
- Victoria Phase 2, Parcel 1 - 27
- Villages At Queen Creek Parcel 2 – 2

519 TOTAL

519 x 3.2 = 1,660 New residents

As of February 25, 2013

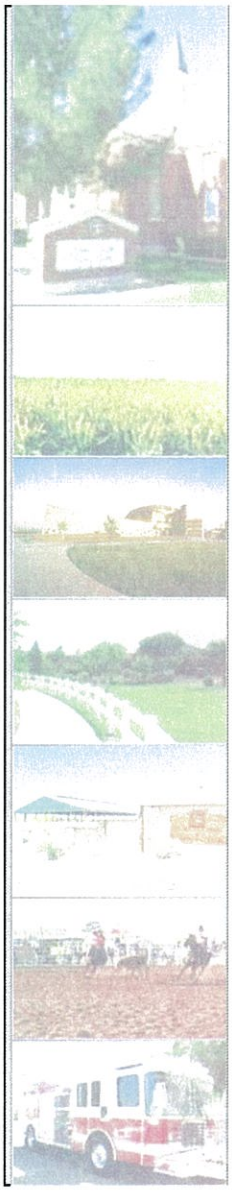
Active Subdivisions

- 605 lots are available in our active subdivisions as of January 1, 2013
- All these subdivisions have active builders

Lot Total

- Existing Lots 605
- Upcoming Lots 2,554

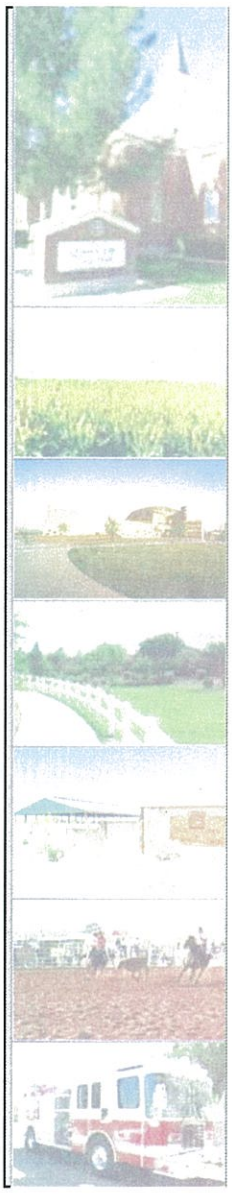
3,159 Total Lots



Population Growth

- 519 x 3.2 = 1,660 residents in homes under construction
- 3,159 x 3.2 = 10,100 residents in homes on new lots

11,760 new residents - soon



The Next Round

- Church Farms – 2,300 +/- lots
- Fulton Homes at Queen Creek Station – 677 lots
- Bellero – 178 lots

Total – 3,155 +/- lots

Population Growth

- 3,678 x 3.2 = 11,760
- 3,155 +/- x 3.2 = 10,100

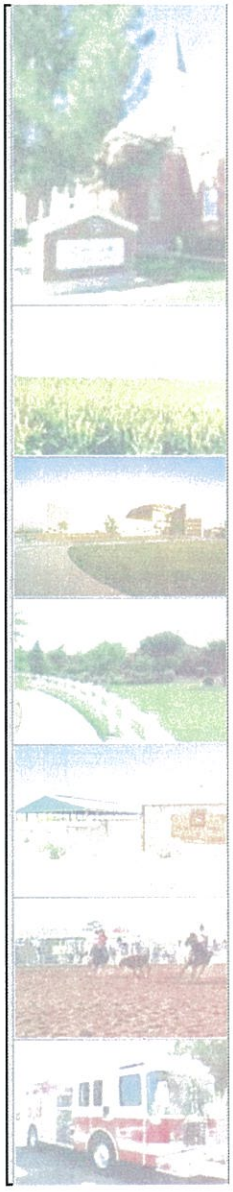
21,860 new residents

Growth Potential

	Population	Housing
2010	26,490	8,240
2012	27,250*	8,480
2020	44,000	13,735**

*6/30 Estimates

** 3,678 currently underway, plus 50% (1,577) of 3,155 proposed



Summary – Get Ready

- Most dormant residential subdivisions are now owned by builders
- There are 500+ homes already under construction
- The Town already has a 600+ "shovel ready" lots
- There are 3,000+ new lots in the pipeline now
- The potential for 3,000+ more in the wings
- With increasing population will come increasing commercial development

Exhibit F

JANICE K. BREWER
Governor

SANDRA A. FABRITZ-WHITNEY
Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

November 9, 2011

Mr. Paul Gardner
Town of Queen Creek
22713 South Ellsworth Road, Building A
Queen Creek, Arizona 85242

RE: Queen Creek Water Service Area
Maricopa and Pinal County, Arizona, Phoenix AMA
Issued Physical Availability Determination, revised balance
DWR #51-501722.0001

Mr. Gardner:

On March 31, 2011, the Department issued a Physical Availability Determination (PAD) for the Queen Creek Water Service Area. **The study area consisted of Township 2 South, Range 6 East, Sections 24 &25; Township 2 South, Range 7 East, Sections 3, 6-12, 14-23, 25-30, 32-36 and Township 3 South, Range 7 East, Sections 3-9, 17-20** within the GSR B&M **in portions of Maricopa and Pinal Counties** in Arizona.

In accordance with A.A.C. R12-15-702(D), the Department determined that a minimum of **7,980 acre-feet per year** of groundwater was physically available for 100 years under A.A.C. R12-15-716(B) for assured water supply purposes in the study area. Subsequent to issuing the PAD, the Department issued the following Analyses of Assured Water Supply (AAWS) relying on the PAD:

1. Barney Farms, DWR 28-700680.0000, issued for 1,718.89 acre-feet
2. Meridian Crossing, DWR 28-700681.0000, issued for 885.07 acre-feet
3. Sossaman Estates Phase B, DWR 28-700686.0000, issued for 1,758.07 acre-feet
4. Queen Creek Station-Jorde, DWR 28-700690.0000, issued for 1,110.54 acre-feet
5. Cloud and Crismon, DWR 28-700691.0000, issued for 1,401.5 acre-feet
6. Queen Creek Station-Commercial Corner, DWR 28-700692.0000, issued for 615.24 acre-feet
7. Victoria Estates Phases 5 & 9, DWR 28-700695.0000, issued for 246.82 acre-feet
8. Ellsworth Farms Queen Creek, DWR 28-700700.0000, issued for 202.37 acre-feet
9. Thelander-Ellsworth & Queen Creek, DWR 28-700703.0000, issued for 41.5 acre-feet

Total: 7,980 acre-feet

In June 2011, the Department informed the Town of Queen Creek that the PAD was fully allocated and no further physical availability was available without additional hydrologic modeling effort.

In August of 2011, the question was raised whether or not the demand for the Chuparosa development was included in the hydrologic modeling used to issue Queen Creek's PAD. The Department's response at that time was that the Chuparosa demand was removed from the model prior to making the determination for the PAD.

However, recent investigation and conversation with modeling staff indicate that the demand for Chuparosa, 1,178 acre-feet, was indeed included in the model run for Queen Creek's PAD. The Analysis of Assured Water Supply for Chuparosa expired March 13, 2006, and should not have been included as a committed demand after that date. Therefore, as of the date of this letter, Queen Creek has 1,178 acre-feet physically available for Assured Water Supply determinations.

Sincerely,

Andrew J. Craddock, Manager
Recharge, Assured & Adequate Water Supply Programs

AJC/rbo

Southwest Ground-water Consultants, Inc.

January 13, 2011

Mr. Doug Dunham
Arizona Department of Water Resources
3550 North Central Avenue
2nd Floor
Phoenix, Arizona 85012

SUBJECT: QUEEN CREEK WATER COMPANY AND H_2O, INCORPORATED – PHYSICAL AVAILABILITY DEMONSTRATION (PAD) - ADWR NOS. 51-501722.0001 and 51-700555.0000

Dear Mr. Dunham:

In response to discussions regarding the aforementioned applications including our meeting with you on November 9, 2010, Southwest Ground-water Consultants, Inc. (SGC) has prepared a revised impact analysis in support of the two PAD applications listed above. The revision includes an update of the base model scenario to the 2010 Assured Water Supply base (Hipke, 2010b), and inclusion of additional committed demands within the model domain. The total build-out demands used in the impact analysis are 26,400 acre feet per year (ac-ft/yr) for the Town of Queen Creek Water (QCW) service area and 15,841 ac-ft/yr for H_2O, Incorporated (H_2O) service area. We confirmed that the total estimated volume listed on the applications for both water providers was the projected build-out demand, and was not intended to be added to current and committed demands for these providers. The original application submitted for QCW in 2008 listed the total 100-year estimated volume as 2,640,000 ac-ft or 26,400 ac-ft annually. The projected demands for QCW above the current and committed demands of 18,456 ac-ft/yr would be 7,944 ac-ft/yr.

Similarly, the original application submitted for H_2O in 2008 listed the total 100-year estimated volume as 1,584,100 ac-ft or 15,841 ac-ft annually. The projected demands for H_2O above the current and committed demands of 7,544 ac-ft/yr would be 8,297 ac-ft/yr.

REVISED NUMERICAL MODEL

The impact analyses have been rerun using the recently released AWS Baseline Scenario (Hipke, 2010b) of the SRV ground-water flow model. The AWS Baseline Scenario Model is a predictive model scenario based on the SRV8306v2 model (Corkhill et. al., 1993; Corell and Corkhill, 1994; Bota et al., 2004; Hipke, 2007; Freihoeffer et. al., 2009) as was the model scenario submitted in the letter response to you dated September 25, 2009. The AWS Baseline Model is the model scenario intended for use by any new

3033 N. 44th Street, Suite 120
Phoenix, Arizona 85018
(602) 955-5547 Fax (602) 955-7585

Phoenix, Arizona
Prescott, Arizona

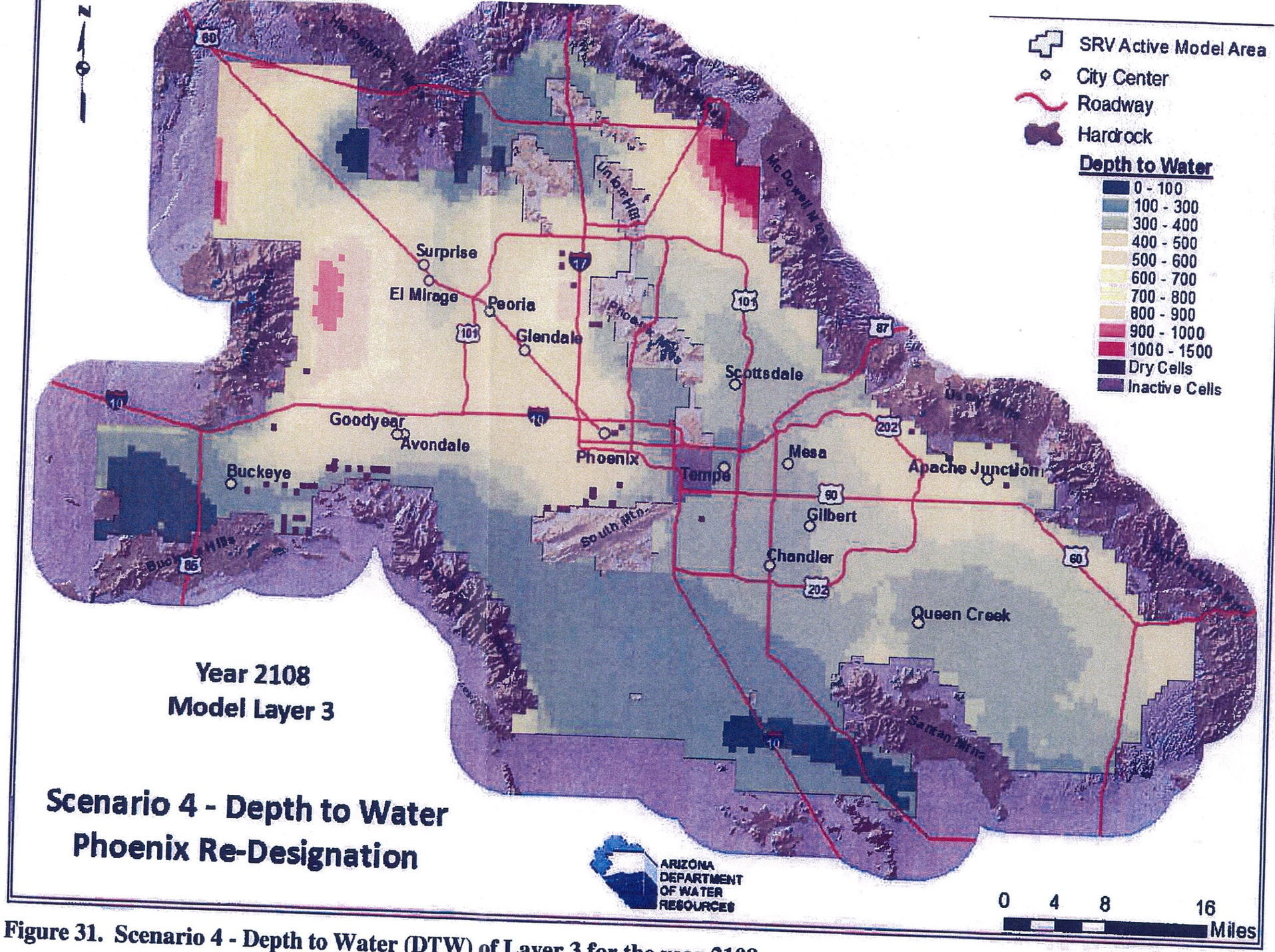
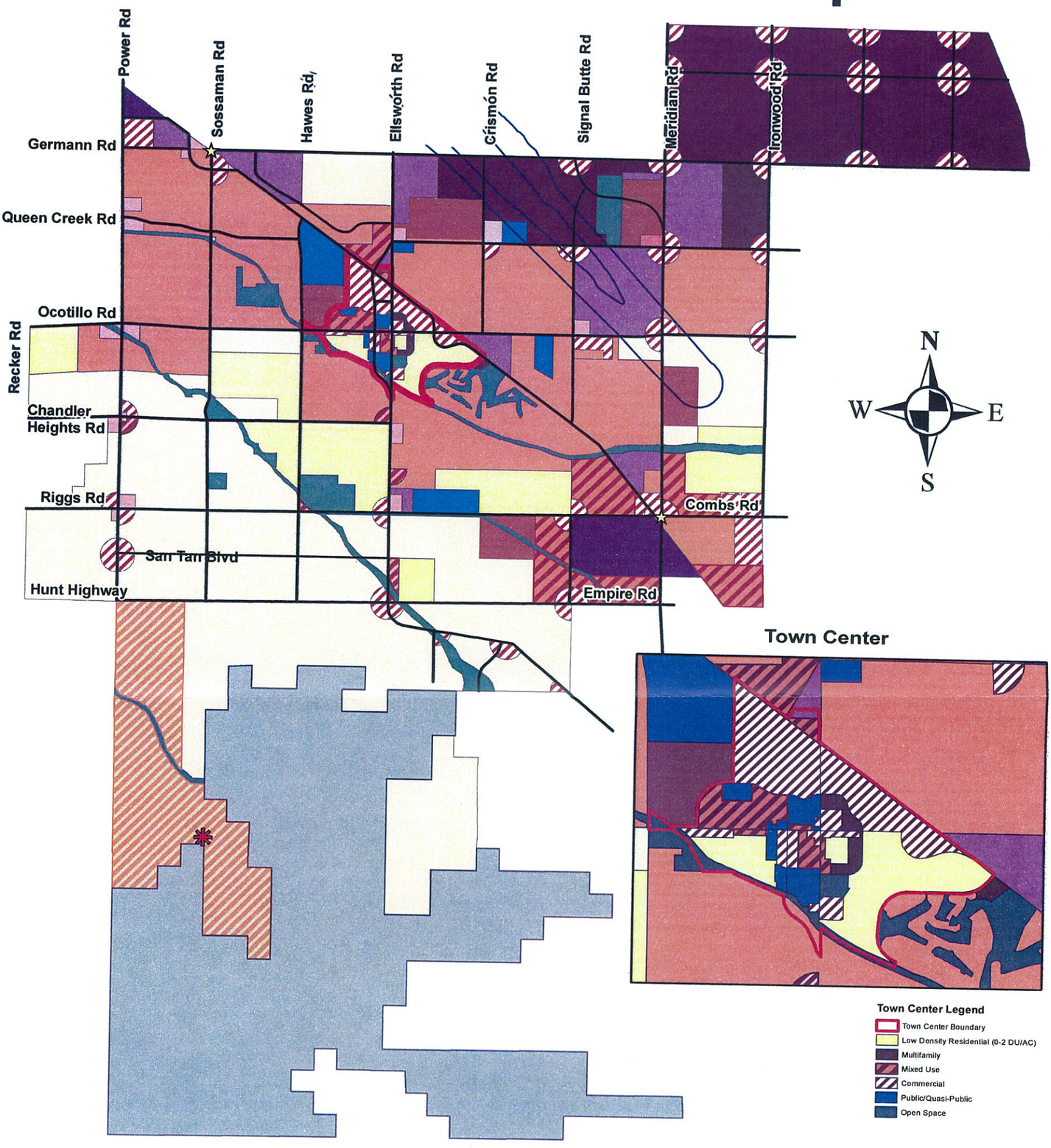


Figure 31. Scenario 4 - Depth to Water (DTW) of Layer 3 for the year 2108.

Exhibit G

Exhibit H

Town of Queen Creek
2008 General Plan Map



General Plan Land Use Legend

- Very Low Density Residential (0-1 DU/AC)
- Low Density Residential (0-2 DU/AC)
- Medium Density Residential (0-3 DU/AC)
- Master Planned Community (0-1.8 DU/AC)
- Medium High Density Residential Type A (0-5 DU/AC)
- Multifamily
- Mixed Use
- Neighborhood Commercial
- Community Commercial
- Office/Services
- Commercial
- Employment Type A
- Employment Type B
- Public/Quasi-Public
- Open Space
- Regional Commercial Center
- Town Center Boundary
- San Tan Regional Park
- Noise Contours
- Future Intersection Modification
- Resort / Tourism / Entertainment

Modified by Resolutions 813-09, 814-09, 824-10, 924-12, and 934-13

All information is believed to be accurate as of the date of publication, however it is not guaranteed.
Created by Sidney Urias 480-358-3094

TOWN OF QUEEN CREEK ARIZONA

WATER PORTFOLIO IN 2030

• Groundwater pumped	10,000 acre ft
• CAP Water delivered	7,500 acre ft
• Reclaimed Water used	8,760 acre ft
• TOTAL WATER USED	26,260 acre ft
• # of service connections	35,500
• Total Population served	115,000

Exhibit I

Town Planning Area

Exhibit J

RECKER

T. 1S
T. 2S

R. 8E
R. 7E

POWER RD.
SOSSAMAN RD.
HAWES RD.
ELLSWORTH RD.
CRISMON RD.
SIGNAL BUTTE RD.
MERIDIAN RD.
VINEYARD RD.
LA PALMA RD.
SCHNEP RD.
CENTRAL
ARIZONA
PROJECT

SCALE OF FEET
(thousands)
0 1 2 3 4 5

ERMANN RD.
QUEEN CREEK RD.
OCOTILLO RD.
CHANDLER HEIGHTS RD.
RIGGS RD.
HUNT HIGHWAY

PL 3 LAT. 3
PL 3 LAT. 2
PL 3 LAT. 1
PL 2 LAT. 6
PL 2 LAT. 5
PL 2 LAT. 4
PL 2 LAT. 3
PL 2 LAT. 2
PL 2 LAT. 1
PIPELINE 3
PIPELINE 4
PL 4 LAT. 3
PL 4 LAT. 2
PL 4 LAT. 1
PL 1 MAIN
PL 1 LAT. 5
PL 1 LAT. 4
PL 1 LAT. 3
PL 1 LAT. 2
PL 1 LAT. 1
PL 1 LAT. 1A
PIPELINE 2
PIPELINE 1

QUEEN CREEK IRRIGATION DISTRICT
MARICOPA COUNTY
PINAL COUNTY
SAN TAN IRRIGATION DISTRICT
CHANDLER HEIGHTS CITRUS IRRIGATION DISTRICT

4.8 cfs 21"
8.8 cfs 21"
19.1 cfs 30"
27 cfs 48"
37 cfs 48"
77 to 80 cfs 60" to 48"
138 cfs 66"
145 cfs 66"
152 cfs 66"
156 cfs 78"
243 cfs 78"
260 cfs 78"
6.4 cfs 15"
7.0 cfs 21"

PROJECT LOCATION
Phoenix
Florence
Tucson

LEGEND
IRRIGATION DISTRICT BOUNDARY
PHASE II PIPELINE
PHASE I EXISTING PIPELINE
101 PLAN & PROFILE LOCATION AND NUMBER
DH-1 DRILL HOLE LOCATION
TP-1 TEST PIT LOCATION
SPOIL AREA
10 cfs Design Flow (cfs)

QCID Boundaries

Date	
Designed	
Drawn	
Checked	

GOOKIN ENGINEERS
ENGINEERS · HYDROLOGISTS · PLANNERS · SURVEYORS
4203 NORTH BROWN AVENUE
SCOTTSDALE, ARIZONA 85251
(602) 947-3741

Know what's below. Call before you dig. CALL FOR THE BLUE STAKES 263-1100 Blue Stake Center CALL COLLECT

ALWAYS THINK SAFETY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
CENTRAL ARIZONA PROJECT
SALT - GILA DIVISION - ARIZONA

QUEEN CREEK, CHANDLER HEIGHTS CITRUS & SAN TAN JOINT DISTRIBUTION SYSTEM

PHASE II LOCATION MAP

344-330-7455

Exhibit K

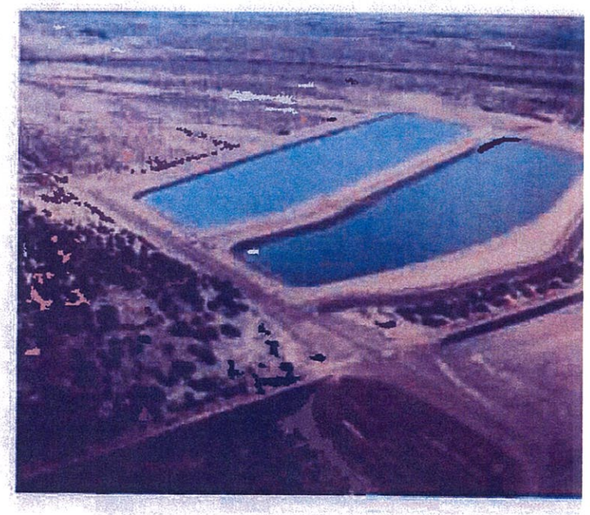
SUPERSTITION MOUNTAINS RECHARGE PROJECT

INTRODUCTION

Phase 1 of the Superstition Mountains Recharge Project (SMRP) began operations in July 2011. The project is being constructed in two phases: Ph two approximately 20 acre basins permitted for 25,000 acre-feet per year and Phase 2 consists of the remaining 115 acres of basins permitted fo per year. SMRP is located in the East Salt River Sub-Basin of the Phoenix AMA approximately 1 mile south of Ocotillo Road on the East side of the

Project Facts:

Permit Capacity:	(Phase 1) - 25,000 AF/YR
	(Phase 2) - 56,500 AF/YR
Phase 1:	2 basins approximately 20 acres each
Phase 2:	Additional 8 basins for a project total of 155 acres
Cost:	(Construction) - $5.9 million
	(Total) - $11.0 million
Location:	T2S, R8E, Sections 23, 24, 25, and 26
Delivery Capacity:	150 cfs



Aerial view of Phase 1

FACILITY COMPONENTS

SMRP has been designed in two phases; Phase 1 consists of two basins totaling 40 acres and Phase 2 that will include eight additional basins for acres.

Exhibit L

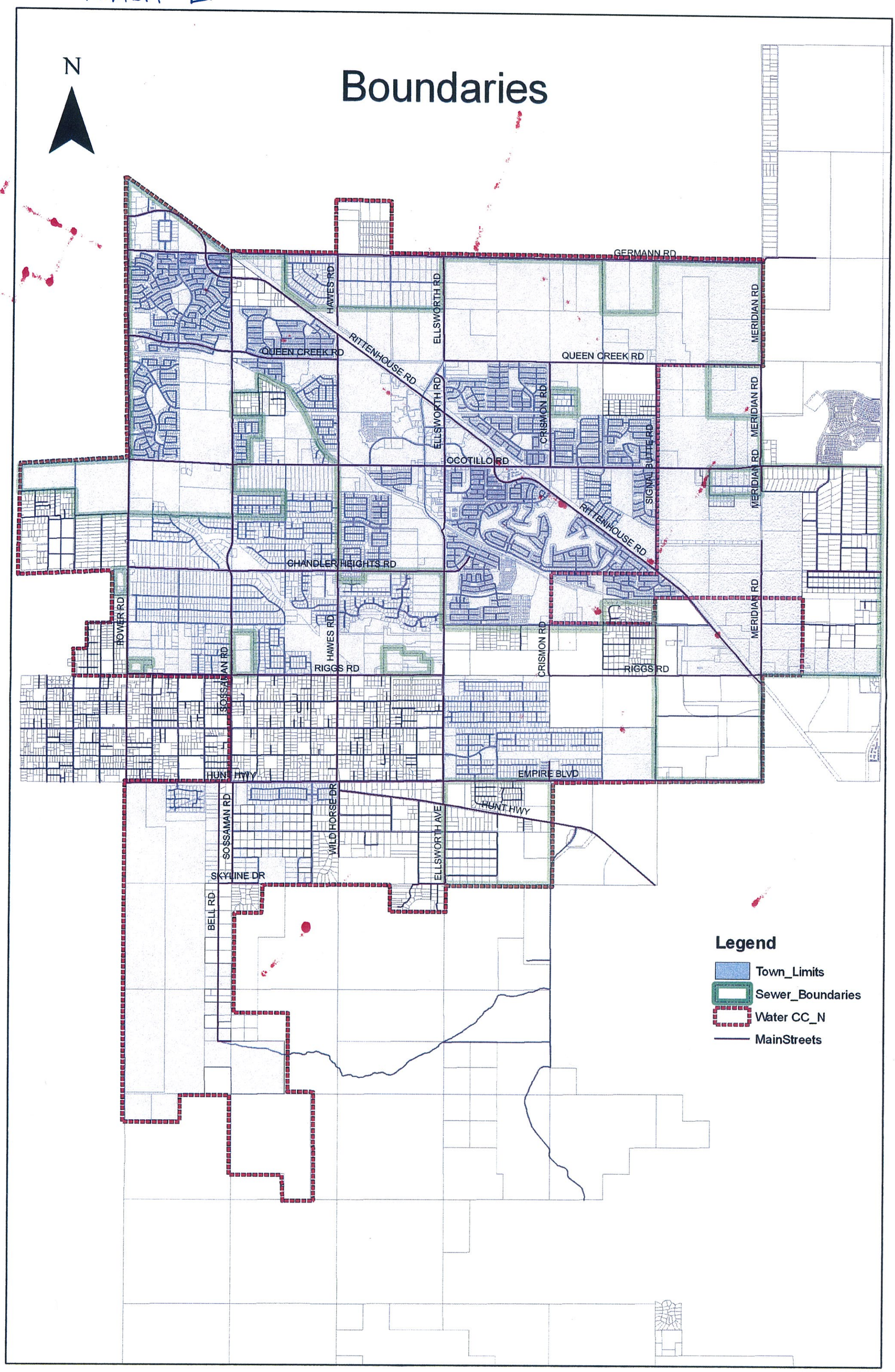

N
Boundaries
GERMANN RD
QUEEN CREEK RD
RITTENHOUSE RD
OCOTILLO RD
CHANDLER HEIGHTS RD
RIGGS RD
HUNT HWY
EMPIRE BLVD
SKYLINE DR
HAWES RD
ELLSWORTH RD
CRISMON RD
MERIDIAN RD
SIGNAL BUTTE RD
HOWER RD
SOSSAMAN RD
WILD HORSE DR
ELLSWORTH AVE
BELL RD
Legend
Town_Limits
Sewer_Boundaries
Water CC_N
MainStreets

Exhibit M

Cost of Water per acre feet

CAGRD Replenished Water

2012 **$437** 2013 **$492** 2014 **$559** 2015 **$628**

CAP Water cost

2012 **$122** 2013 **$129** 2014 **$138** 2015 **$149**

NIA CAP WATER cost to acquire

$1,280

Leased Indian Water 100 year

$3,500 +

Exhibit N

Requesting Department:

Utility Services Department

TO: HONORABLE MAYOR AND TOWN COUNCIL

FROM: Paul T. Gardner Director of Utilities

RE: Resolution 943-13 authorizing Town staff to apply for 5000 acre feet of Non - Indian Agriculture CAP Water through the Arizona Department of Water Resources Reallocation application process

DATE: June 5, 2013

Staff Recommendation:
Staff recommends approval of Resolution 943-13 authorizing Town staff to prepare and submit an Application to the Arizona Department of Water Resources (ADWR) for 5000 acre feet of Non- Indian Agricultural (NIA) Central Arizona Project Water (CAP).

Relevant Council Goal(s):
Meets KRA #5 under Sustainability and #8 Land Use and Economic Development

Proposed Motion:
Motion to approve Resolution 943-13 authorizing Town staff to apply for 5,000 acre feet of Non-Indian Agriculture (NIA) Central Arizona Project Water (CAP) through the Arizona Department of Water Resources Reallocation application process.

Discussion:
After nearly 20 years both ADWR and CAP are releasing 34,629 acre feet of water to Municipal Water users. This pool of water has been set aside for the Phoenix Active Management Area and is to help Water Providers reduce their reliance on groundwater pumping and move them to a renewable water supply. The Town of Queen Creek currently has just 348 acre feet of CAP water under contract and would like to expand that contract to 5000 additional acre feet of water. This would allow the Town to reduce its pumping of groundwater by using this water as direct deliveries of irrigation for large lots and for construction water for dust control. The remaining water would be stored annually and water that was pumped and delivered to our residences would be recovered surface water. This recovered surface water would reduce the obligations to the Central Arizona

Groundwater Replinshinment District (CAGRD) and would reduce the financial obligations for both HOA's inside the Town and all residential properties enrolled in CAGRD. If the Town was successful in acquiring a large enough block of water it would allow the Town to participate with another entity to construct a Surface Water Treatment facility and deliver the treated CAP water directly to its customers. Staff is only applying for this water and will not know until the fall of 2013 on whether the Town will be awarded the full 5000 acre feet or a portion of that amount or none at all. Once Town Staff is notified of the amount of water that the Town has been awarded, the contract will then be brought back to the Town. The Town Council will have the opportunity to discuss and decide whether to continue moving forward and entering into a contract with both the CAP and ADWR for this volume of water. By applying for this water the Town is under no obligation either contractually or financially until it has had time to review and decide whether to continue with the process of entering into a contract with the both CAP and ADWR.

Fiscal Impact:

The cost of this NIA CAP water has been identified at $1,280 an acre foot. If the Town was awarded its full request of 5000 acre feet the total cost of this water would be $6,400,000. If this water was financed in today's financial market it would cost approximately $448,000 per year for 20 years. For each 1000 acre feet of water acquired financing would cost $90,000 per year. There are many ways to recover the cost of this water from a future renewable water impact fee to setting aside a portion of existing water rates each year to pay for the financing or combination of both. The impact to rate payers that have property enrolled in CAGRD by 2016 will be a savings on their CAGRD obligations from $200-$600 per year. On HOA's the CAGRD obligations will be in the 10's of thousands of dollars and in some cases well over the 100 thousand dollar mark.

Alternatives:

The Council could decide not to apply for this pool of water.

Exhibit O

Chandler • Arizona
Where Values Make The Difference

May 28, 2013

Sandra Fabritz-Whitney, Director
Arizona Department of Water Resources
3550 North Central Avenue, Second Floor
Phoenix, Arizona 85012

Re: Town of Queen Creek - NIA Reallocation Application

Dear Ms Fabritz-Whitney:

Please accept this letter in support of the Town of Queen Creek's application for NIA reallocation water. ADWR's Modeling Report No. 17, completed in 2007 for the East Valley Water Forum, showed up to 700-feet groundwater declines occurring beneath Queen Creek. An NIA water allocation to the Town will reduce future groundwater declines beneath its service area and the East Valley aquifer.

Chandler supports reallocating NIA water to those that can use the water directly. Queen Creek plans on constructing a surface water treatment plant and will directly use CAP water to replace groundwater pumping. Every acre-foot of NIA allocated water to Queen Creek will reduce groundwater pumping. The larger the CAP allocation to Queen Creek, the more economically viable a surface water treatment plant becomes and the sooner a treatment plant can be constructed.

Chandler believes an NIA water allocation to the Town of Queen Creek meets ADWR's criteria of reducing groundwater overdraft and providing an additional source of water to areas with limited physical availability of groundwater.

The City of Chandler strongly encourages the Department to reallocate the maximum amount of NIA water possible to the Town of Queen Creek.

Sincerely,

Doug Toy, PE
Water Regulatory Affairs Manager
City of Chandler

XC: Dave Siegel, Municipal Utilities Director
Gregg Capps, Water Resource Manager
Scott Miller, ADWR, Colorado River Manager
Deanna Ikeya, ADWR, Colorado River Program Planner

Mailing Address
Mail Stop 905
PO Box 4008
Chandler, Arizona 85244-4008

Municipal Utilities Department
Administration
Telephone (480) 782-3800
Fax (480) 782-3805
www.chandleraz.gov

Location
Building L
975 Armstrong Way
Chandler, Arizona 85249

Exhibit P

Water Resources Department
640 N Mesa Dr
PO Box 1466
Mesa, AZ 85211-1466

mesa·az

May 9, 2013

Sandra Fabritz-Whitney, Director
Arizona Department of Water Resources
3550 North Central Avenue, Second Floor
Phoenix, Arizona 85012

Re: NIA Reallocation

Dear Director Fabritz-Whitney,

Please accept this letter in support of the Town of Queen Creek's application for NIA reallocation water. The City of Mesa has been a leader in the use of sustainable, renewable water supplies and is happy to support any surrounding water utility's desire to use more surface water in order to move away from the use of groundwater supplies. This not only protects the aquifer, but enables prolonged sustainable water delivery service, especially in areas that are already restricted with limited physically available groundwater.

In the City of Mesa's letter to the Department in November regarding the NIA reallocation process, Mesa emphasized the need and goal of first reallocating this water to those that can use the water directly. Queen Creek has existing infrastructure in place to take and make a direct use of this water as a substitute for groundwater use that is currently being used by the Town for non-potable purposes. This would benefit all parties by protecting the future availability of groundwater supplies for potable use in times of shortage. The City of Mesa strongly encourages the Department's consideration for NIA reallocation water to the Town of Queen Creek.

Sincerely,

Colette A. Moore
Water Resources Advisor

CC: Kathryn Sorensen, City of Mesa, Water Resources Department Director
Alisha Solano, City of Mesa, Deputy Director -Water Enterprise Services
Scott Miller, ADWR, Colorado River Manager
Deanna Ikeya, ADWR, Colorado River Program Planner